



U.S. Department of Justice

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PRESS RELEASE
GRAND JURY RETURNS FEDERAL INDICTMENT
CHARGING DENNIS T. WYNN
WITH MAIL AND SECURITIES FRAUD;
SALE OF UNREGISTERED SECURITIES

SALT LAKE CITY -- A federal grand jury returned a seven-count indictment late Wednesday afternoon charging Dennis T. Wynn, 52, of Salt Lake City with mail fraud, securities fraud and selling unregistered securities in connection with a scheme to defraud investors in a business he operated in Salt Lake City.

The indictment alleges Wynn collected more than \$15 million from at least 185 investors in Utah, Arizona, California, and Idaho between November 1999 and May 2002.

Wynn Company was registered as a corporation in Utah in November 1990. Its principal place of business was 3068 South Highland Drive. The company was in the business of leasing and selling used vehicles to high credit risk consumers who could not obtain alternate financing. Wynn, who also has maintained a residence in Phoenix, Arizona, was the director, president, and sole owner of the company.

The case is being investigated by the Utah Division of Securities and the FBI.

"This indictment reinforces two important messages when it comes to financial crimes," U.S. Attorney for Utah Brett L. Tolman said today. "First, when you hear a sales pitch for a potential investment opportunity, check it out before

you write your check. Call state and federal securities regulators to make sure you have all of the available information before investing your hard-earned money," Tolman said.

"Second, we are going to continue to work closely with our local, state, and federal partners to ensure that those who commit these frauds in our communities are aggressively prosecuted," Tolman said.

Wayne Klein, Director of the Utah Division of Securities, said, "We are pleased with the grand jury's indictment against Dennis Wynn. This investigation into Mr. Wynn's activities uncovered \$15 million dollars in fraud on behalf of 185 investors. This case shows that state and federal authorities are working together to fight investment fraud."

According to the indictment, Wynn offered investors promissory notes and personally, or through agents, told potential investors that their notes would be fully collateralized and were risk free. Investors were told their investments would be secured by property valued at 150 percent of the investment.

The indictment alleges that the safety of this investment would be assured by two forms of collateral: an assignment of payments coming in from specific automobile loan contracts between the automobile purchasers and the Wynn Company and the actual title to specific vehicles purchased by the company. In fact, the indictment alleges, Wynn knew the investments were not fully collateralized as the investors were promised.

Further, the indictment alleges Wynn told investors that the collateral was monitored and maintained by an independent, third-party escrow agent. Wynn represented that the third-party escrow agent would periodically update the collateral to insure that it was maintained at 150 percent of the amount of the note. In truth, the indictment alleges, the individuals and entities he claimed would act as escrow agents did not act as such and were not authorized to act as escrow agents because they were not registered, bonded escrow agents with the Utah Department of Financial Institutions. The indictment also alleges that in fact, Wynn knew that many of the investors did not have collateral packages at all and that the collateral packages that were created were not monitored or updated.

The indictment also alleges Wynn represented that certain investors would receive fixed interest payments on a monthly basis. In truth and fact, according to

the indictment, based on Wynn's record with prior investors, he knew that nearly all investors did not receive monthly interest payments.

The indictment also alleges that Wynn and his agents held investment seminars to "educate" prospective investors about the investment. During these investment seminars, the speakers, including Wynn, made false representations to potential investors and omitted material facts.

The indictment further alleges that Wynn employed several different "lender representatives" to pacify investors who were calling, writing, and e-mailing Wynn to inquire and complain about late interest payments and the inability to inspect or take control of the supposed collateral. Wynn, according to the indictment, caused these lender representatives to make false statements to investors in response to those investors' complaints in an effort to lull the investors into a false sense of security.

Timothy J. Fuhrman, FBI Special Agent in Charge in Salt Lake City, said, "Securities fraud has long had serious impact on our nation and our community, effecting both individual victims and the national economy. For this reason, the FBI has made securities fraud a top priority. This indictment is the result of work from the newly formed Utah Securities Fraud Task Force which brought together six federal and state agencies to aggressively investigate and prosecute those responsible for securities fraud violations. Although this successful investigation charges only one individual, it sends a strong message to the community that financial crimes will not be tolerated in Utah." The Utah Securities Fraud Task Force includes representatives from the U.S. Attorney's Office, Utah Attorney General's Office, the FBI, IRS Criminal Investigation Division, the SEC and the Utah Division of Securities.

Wynn will be issued a summons to appear for an arraignment on the charges in federal court. The indictment includes four counts of mail fraud; two counts of securities fraud; and one count of sale of unregistered securities. The potential maximum penalty for the fraud counts is 20 years per count. The sale of unregistered securities count carries a potential maximum sentence of 10 years. Defendants charged in indictments are presumed innocent unless or until proven guilty in court.

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